

Message Text

LIMITED OFFICIAL USE

PAGE 01 TUNIS 05775 271208Z

53

ACTION NEA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-03 H-02 COME-00

CU-02 OPIC-03 OES-03 CIAE-00 INR-07 NSAE-00 /072 W

----- 021930

R 270930Z SEP 75

FM AMEMBASSY TUNIS

TO SECSTATE WASHDC 306

LIMITED OFFICIAL USE TUNIS 5775

E.O. 11652: N/A

TAGS: USTSJC, TS

SUBJECT: US-TUNISIAN JOINT COMMISSION: TRADE RELATIONS

REF: STATE 224954

FOLLOWING ARE EMBASSY'S SUGGESTIONS RE TREATMENT OF US-TUNISIAN TRADE RELATIONS (REFTEL, PARA 2, PAPER 1) FOR TRADE AND INVESTMENT SUBCOMMISSION MEETINGS SCHEDULED OCT 17-20. WHILE INCLUSION F COMMENTS ON OBSTACLES TO US EXPORTS IN PAPER TO BE PRESENTED IN ADVANCE WOULD BE DESIRABLE IN ORDER PERMIT GOT CONSIDER SOLUTIONS AND TO PREPARE RESPONSES PRIOR TO OR DURING JOINT COMMISSION MEETINGS, IF THIS NOT POSSIBLE WE SUGGEST POINTS BE MADE IN FORMAL US PRESENTATION AT SUBCOMMISSION LEVEL.

1. BELIEVE ALL STATISTICS SHOULD BE BASED ON TUNISIAN TRADE FIGURES TO ASSURE BOTH SIDES ARE USING SAME DATA BASE. AS AMALL, CAREFULLY CONTROLLED ECONOMY, TUNISIAN IMPORT DATA VERY ACCURATE WHILE EXPORT FIGURES PUT US IN MUCH MORE FAVORABLE LIGHT THAN DO USDOC FIGURES, LARGELY BECAUSE TUNISIAN CRUDE OIL EXPORTS TO US ARE NOT SO RECORDED IN US FIGURES.

2. BELIEVE WE SHOULD STRESS EVOLUTION OF LARGELY AID-FINANCED US EXPORTS (OVER 80 PER CENT IN SOME EARLIER YEARS) TO POTEN-

LIMITED OFFICIAL USE

PAGE 02 TUNIS 05775 271208Z

TIALY MUCH LARGER VOLUME BASED UPON MORE NORMAL COMMERCIAL

RELATIONS. RELEVANT STATISTICS CONTAINED IN TUNIS A-135, SEPTEMBER 23, 1974 AND TUNIS A-163, NOVEMBER 2, 1973; 1974 DATA TO FOLLOW SEPTTEL. RAPIDLY EXPANDING TUNISIAN MARKET HOLDS CONSIDERABLE PROMISE FOR U.S. EXPORTERS, VEN THOUGH U.S. HAS NOT MAINTAINED ITS SHARE OF MARKET IN RECENT IMPORT BOOM. TRADITIONAL EUROPEAN SUPPLIERS (MAINLY FRANCE) HAVE BEEN PRINCIPAL GAINERS DUE TO EASE OF ACCESS, DELIVERY, AND DOCUMENTATION. IN ADDITION, DEPENDENCE OF TUNISIAN ECONOMY IN EARLIER YEARS ON PARTIAL EXTERNAL SUBSIDIZATION OF ITS IMPORTS HAS LED BOTH IMPORTERS AND GOT OFFICIALS CONCERNED WITH TRADE TO DOWNPLAY PRICE, QUALITY AND TECHNOLOGICAL CONTENT OF IMPORTS WHILE FACILITATING IMPORTS UNDER CONCESSIONAL CREDITS. WITH LARGER SHARE OF IMPORTS FINANCED BY ITS OWN RESOURCES, GOT SHOULD ENCOURAGE MORE AGGRESSIVE SEARCH FOR OPTIMUM TRADE OPPORTUNITIES WORLDWIDE. WE BELIEVE SUCH EMPHASIS AND MORE TIME FOR SHIPPING AROUND WOULD INCREASE VOLUME OF US EXPORTS TO MEET NEEDS FOR IMMEDIATE CONSUMPTION AND DEVELOPMENT PLAN.

3. FUTURE OF US EXPORTS TO TUNISIAN CONSTRAINED BY CERTAIN FACETS OF GOT TRADE PRACTICES. EMBASSY BELIEVES US PAPER SHOULD NOTE FOLLOWING CONSTRAINTS WITH HOPE THEY CAN BE ATTENUATED.

A) NEED FOR EVOLUTION AWAY FROM BIAS TOWARD "CONCESSIONAL" CREDIT LINES MENTIONED ABOVE;

B) APPLICATION OF FACILITATED IMPORT PROCEDURES FOR FRENCH FRANC ZONE COUNTRIES DISCRIMINATES AGAINST US SOURCES;

C) LONG TIME LAGS INVOLVED IN ISSUANCE REQUIRED IMPORT LICENSES NOT CONSISTENT WITH UNSTABLE MARKET CONDITIONS AND INFLATION, THUS MAKING PRICE QUOTATIONS AND FINANCIAL ARRANGEMENTS DIFFICULT, PARTICULARLY FROM NEW SUPPLIERS;

D) EFFORTS TO PROMOTE US EXPORTS THROUGH TUNIS INTERNATIONAL FAIR ARE NOT FULLY EFFECTIVE DUE TO MISUNDERSTANDINGS AS TO PRE-FAIR COMMITMENTS REGARDING SPECIAL IMPORT LICENSES. RESULT IS THAT VIRTUALLY NO LICENSES HAVE BEEN GRANTED TO EXHIBITORS IN US PAVILION. ABILITY TO INTRODUCE NEW PRODUCTS SERIOUSLY CURTAILED IF SUCH SPECIAL EVENTS SERVE PRIMARILY AS MEANS TO ENTERTAIN PUBLIC RATHER THAN AS SERIOUS TRADE SHOWS;
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 TUNIS 05775 271208Z

E) IN EVALUATING INTERNATIONAL BIDS, CENTRAL BANK REQUIRES THAT PAR RATES BE USED IN CONVERGING FOREIGN CURRENCY BIDS TO DINAR EQUIVALENT WITHOUT RECOGNITION OF WIDE DEVIATION OF MOST CURRENCIES FROM THEIR PAR RATES DURING THESE TIMES OF FLUCTUATING EXCHANGE RATES; THIS PRACTICE ANNULS PRICE ADVANTAGE OF US GOODS WHEN DOLLAR PARTICULARLY LOW.

4. IN PRESENTING THESE POINTS, US PRESENTATION SHOULD ACCEPT TUNISIA'S POLICY OF CONTROLLING IMPORTS BUT SHOULD SEEK EVEN-HANDED APPLICATION OF THESE POLICIES. TUNISIAN FOREIGN TRADE PERVADED BY CONTROLS DESPITE GOT POLICY OF LIBERALIZATION. US SUPPORTS IMF RECOMMENDATIONS ON TRADE LIBERALIZATION AND ENCOURAGES GOT LIBERALIZATION POLICY. (SEE IMF REPORT ON TUNISIA PREPARED FOR IBRD CONSULTATIVE GROUP MEETING IN JUNE.) US SHOULD NOTE PROPOSALS AND ACTIONS BY US TO OPEN ITS MARKET TO LDC (TUNISIAN) EXPORTS AND TO STABILIZE AND ADVANCE LDC EXPORT EARNINGS. OVERALL TONE SHOULD STRESS DEVELOPMENTAL ROLE OF IMPORTS AND NEED TO LOOK BEYOND TRADITIONAL TIES AND SUPPLIES TO FIND MOST ADVANTAGEOUS TRADE LINKS.

5. ON RELATED TOPIC, TREMENDOUS OPPORTUNITY EXISTS FOR TUNIS TO BECOME A MAJOR REGIONAL COMMERCIAL CENTER, WITH ALL ATTENDANT ECONOMIC ACTIVITY AND EMPLOYMENT POSSIBILITIES. ALTHOUGH POLITICAL AND SOCIAL STABILITY ENCOURAGE SUCH ACTIVITY IN TUNIS, GOVERNMENT IS NOT SUPPORTIVE, EITHER BY PRACTICE, POLICY OR LEGISLATION. (FYI. EMBASSY HAS ENCOURAGED GOT OFFICIALS IN PAST TO INVESTIGATE POTENTIAL IN THIS AREA BUT WITHOUT SUCCESS.) GIVEN CURRENT UNREST IN MANY PARTS OF MEDITERRANEAN BASIN, TIME MAY BE APPROPRIATE FOR GOT TO AT LEAST STUDY ECONOMIC, FINANCIAL, AND EMPLOYMENT ADVANTAGES OF BECOMING REGIONAL COMMERCIAL CENTER.

6. HOMBASSY SUMMARY ON INVESTMENT REQUESTED STATE 222797 FOLLOWS BY SEPTTEL.
SEELYE

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COMMITTEE MEETINGS, FOREIGN TRADE, TRADE DATA
Control Number: n/a
Copy: SINGLE
Draft Date: 27 SEP 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: SmithRJ
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975TUNIS05775
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750336-0286
From: TUNIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t1975099/aaaaahtn.tel
Line Count: 142
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STATE 224954
Review Action: RELEASED, APPROVED
Review Authority: SmithRJ
Review Comment: n/a
Review Content Flags:
Review Date: 20 AUG 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <20 AUG 2003 by CunninFX>; APPROVED <05 DEC 2003 by SmithRJ>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: US-TUNISIAN JOINT COMMISSION: TRADE RELATIONS
TAGS: EGEN, TS, USTSJC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006